

Representation

Draft Modification Report

0451 0451A (Urgent): Individual Settlements For Pre-Payment & Smart Meters

Consultation close out date: 09 September 2013

Respond to: enquiries@gasgovernance.co.uk

Organisation: ScottishPower Energy Management Ltd

Representative: Marie Clark

Date of Representation: 09 September 2013

Do you support or oppose implementation?

0451 - Not in Support

0451A - Not in Support

If either **0451** or **0451A** were to be implemented, which would be your preference?

Prefer 0451A

Please summarise (in one paragraph) the key reason(s) for your support/opposition.

We are not in support of this proposal as we do not believe that sufficient evidence has been presented by the proposer to demonstrate there are significant, or indeed any differences, between the demand profile of a credit meter and a pre-payment meter. We are therefore unconvinced of the need for an additional profile for PPMs. Historic work undertaken by the Demand Estimation sub-group to examine if there was a requirement to introduce a separate profile for low consuming customers reported that there were no compelling statistical grounds to change from using the profile EUC 1 for these customers. It should be noted that some credit meter customers also have low consumption and that low consumption is not just reserved to PPM customers.

In order to assist with the development of this Modification, a separate PPM Profile based on meter reading data provided, by the Proposer, has been modelled by Xoserve for one LDZ only. It has been reported, that of the sample provided, only 71 MSNs were eligible to be used in the analysis. We believe that the consumption data provided relates only to smart meters operated in PPM mode. This is another reason why we do not support the proposal as we are particularly concerned that there appears to have been no discussion of the Xoserve modelling at the Demand Estimation Sub-group in order to gauge their thoughts on the work carried out by Xoserve (despite there being ample opportunity to do so). Furthermore, we would not support the introduction of a profile, which is regionally derived and drawn together on the

basis of one Shipper / Supplier's metering data. In particular, as this goes against the whole basis of the profiling approach that has been used by the industry since competition commenced.

As widely documented, the main benefits of installing smart metering is to allow Shipper / Suppliers increased access to consumption data and to assist consumers to make more informed decisions relating to their current and future energy use. The PPM profile has been developed using smart consumption data only. The consumers included in this sample may have taken measures to alter their energy consumption in order to reduce their bills. Equally we are unaware of the Proposer's tariff structure for these sites – it could well be the case that there are price signals in the tariff which incentivised customers to switch/alter their demand within day or between days. Therefore deriving a profile from one Shipper / Supplier's data could give a false picture of how typical customers operate and serve to introduce a profile for prepayment customers that is not representative of the timing, duration and level of their demand. Such a scenario could increase costs to the wider SSP market, which also contains low consuming customers. It is for this and other valid reasons that DESC and Xoserve utilise "controlled" data sets, which are validated over time and represent a random selection of the population by each LDZ.

We therefore do not believe that this sample (provided by one Shipper / Supplier for one geographical area) can be viewed as being representative of the wider PPM population and therefore should not be used to model a proposed PPM EUC profile.

If this Modification is implemented it is our understanding that a single PPM profile will be used to re-assign energy allocations to eligible PPMs and Smart PPMs for all LDZs. As outlined, producing a PPM EUC Profile based on the information provided by a single Shipper goes against current NDM model sampling techniques adopted by the Demand Estimation Sub-Group in their continuous development and assessment of EUC Profiles and demand models. In accordance with UNC, Section H, 1.8, there is a requirement for Xoserve to consult with the Industry on the suitability of profiles and demand model developed and proposed for application within the following Gas Year. Adopting a EUC Profile, which is not based on daily reads recovered from a robust test environment, introduces risk to the market and in particular, due to RbD, on Shippers who operate within the SSP market sector.

We would find it inconceivable that one group of customers is singled out at the expense of another class(es) of domestic customers who may also have a different consumption profile from the standard profile, which is currently applied. This is particularly the situation when the case has not been made that all pre-payment meter customers (served by smart and dumb meters) have a differing profile or match the profile analysed by Xoserve. Implementing this modification will result in a cross-subsidy being introduced between customers within the SSP market sector, when the case has not been made of the benefits.

We also do not support the retrospective nature of MOD451.

Are there any new or additional issues that you believe should be recorded in the Modification Report?

No comment

Relevant Objectives:

How would implementation of these modifications impact the relevant objectives?

We do not believe that this Modification furthers any of the relevant objectives of the Code. We believe that implementation would create a cross subsidy between SSP Shippers and their customers.

Impacts and Costs:

What analysis, development and ongoing costs would you face if either of these modifications were implemented?

Systems changes would be required in order to implement the solution

Implementation:

What lead-time would you wish to see prior to either of these modifications being implemented, and why?

No comment

Legal Text:

Are you satisfied that the legal text and the proposed ACS (see www.gasgovernance.co.uk/proposedACS) will deliver the intent of the modifications?

No review of the legal text has taken place.

Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.